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Decision Making Process to a Spin-off of a Volunteer University Group

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Abstract

The phenomenon of university spin-offs has been occupying universities and experts around the world in an attempt to establish a competitive advantage. However, the field literature misses out on the Decision Making Process to Spin-off Volunteer University groups. The case of *NOVA Social Consulting*, a pro bono consulting club within *NOVA School of Business & Economics*, is discussed upon its readiness to emancipate from the mother institution. Through a theoretical approach and analytical evidence, it becomes clear that, while there is a benefit in the overall independence process, the student club currently lacks the presence of key success factors and key performance indicators necessary for a sustainable registration process.

Keywords: University spin-off, Nonprofit, Key Success Factors, Key Performance Indicators

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Introduction

This paper looks into the decision making process within a volunteer university spin-off group on the basis of the exemplary case of the student club *NOVA Social Consulting* (NSC), a pro bono student consultancy focused on the Portuguese third sector. The idea to further develop the student club through an organizational independence process has been up for discussion, therefore the paper sheds light on the research questions (1) *If it makes sense for an academic volunteer group to emancipate from its mother institution and if so, (2) when is the right moment to do so?*

While the phenomenon of university spin-offs is widely discussed in the specialized literature, the sole focus remains on for-profit businesses, especially in the technological sector. The paper outlines theoretical insights targeting nonprofit spin-off processes and their special characteristics. Furthermore, the author of the paper was involved in the student club as part of the Management, thus seeing, next to personal motivation, an opportunity not only for NSC to expand its social impact and generate spill-over effects, but also for *NOVA SBE* to increase its competitive advantage in the landscapes of business schools.

The paper will present firstly the case of *NOVA Social Consulting* followed by a literature review discussing a set of sub questions relevant to the topic. An extensive internal and external analysis then will assess the readiness of NSC as well as the environment around it, introducing best practices by carefully chosen benchmarks. Based on the analysis results, the outcomes are discussed in addition with recommendations outlining potential opportunities before a concluding the research questions of the case.

Executive Summary: NOVA Social Consulting

NOVA Social Consulting (NSC) is a student based association created within *NOVA School of Business & Economics* (NOVA SBE), offering third sector pro-bono consulting through student volunteers. It was founded in 2008 amongst others by Pedro Almeida, alumnus of

NOVA SBE, and Elizabete Cardoso, Professor at NOVAS SBE and director of New Project and Program Development at NOVA SBE. Its **Mission** is to (1) catalyze the energy in social ventures such as NGOs and social enterprises by providing guidance to third sector enterprises, in order for them to meet their full potential and maximize their social impact. (2) Promote the personal as well as professional development of student volunteers through a hands-on consulting approach as also workshops, aimed at increasing the students' business skills. (3) Collaborating with strong partners with an extensive expertise in the area of conventional and social consulting. The NSC partnership network includes entities as for example *Deloitte*, *Sair da Casca*, *Stone Soup* and *Call to Action*, consultancies in the corporate or social area. These partnerships not only include a variety of different organizations but also advisory experts of the third sector and are included into projects and member workshops to remain updated on recent developments in the respective fields. The NSC **Vision** is, to be a reference in the social sector, distinguished by professionalism and quality through talented university students. The **consulting service** offered focuses on strategy evaluation and formulation, fundraising as well as marketing and communication, fields that have been identified as the most relevant for social ventures. Typically the clients are NGOs and Social Start-Ups located in the Lisbon area. However, there have been projects with clients from Porto or even with an international scope. Clients are not specifically targeted based on specific characteristics, but rather chosen on the scope of the potential project. The key assets within the organization are on one side the students and the knowledge they bring as well as develop during the Master's program and the credibility provided by the excellent reputation of the business school, both essential elements in the client acquisition. Every semester around six to nine projects are presented to which the volunteers apply directly. During the course of the semester not only the projects take place, but also the recruiting and placement of the student volunteers within the projects. On a usual basis, a

project contains four students including a team lead and three consultants. The student consultants are headed by a student Management Team, which has worked beforehand as consultants within the NSC. The Management Team is responsible for all organizational activities such as client and partner acquisition, marketing and communication, human resources, project supervision and workshop development. In the recent years this team consisted of two to four student managers. Every semester the Management is put together on a newly base. The Governance structure of NSC also includes an Advisory Board consisting of a set of permanent members and a set of changing members. The permanent Board is made of the founders Pedro Almeida, Elizabete Cardoso, and Gustavo Brito, teaching at NOVA Forum, the executive education branch of the business school. The varying Board members have been former NSC managers, which provided a more regular feedback and guidance, as the permanent members only meet once or twice during the semester. Additional to the Advisory Board three experts provide direct support to members and Management via workshops, feedback and advice: Miguel Alves Martins, Director of the *Social Entrepreneurship Institute* in Portugal (IES) and Professor at NOVA SBE, Constança Casquinho, former *McKinsey* consultant and Master Program Manager at NOVA SBE, as well as Fábio Santos, finance teaching assistant at NOVA SBE (NOVA Social Consulting, 2016). (App.1.1 – 1.4).

During the fall semester 2015 an internal project analyzed the possibility of NSC becoming a registered NPO, after the student club was offered payment of 1300€ for a project developed by NOVA SBE. Main issue was the non-existence of an own bank account, which is necessary to receive said and future payments. As a student based initiative of NOVA SBE working with volunteers, NSC has currently no financial revenues. However, for student clubs within the business school, the Student Union has allocated 200€ per semester to spend on organizational matters such as marketing merchandise and workshops. The expenses of the

set budget depend on the respective Management and have not been recorded so far. However, they can be estimated on about 230€, including the annual fee of 60€ for the official Homepage (currently E. Cardoso covers this cost center). The result of the internal project revealed that there is a benefit in becoming a registered organization: The increase in financial resources and the independent allocation of those as well as the further status elevation, including an increase in credibility and reputation could lead to a maximization of social impact as well as mission accomplishment. However, the internal project recommended that at the given time a registration would not necessary lead to the desired outcome, since the additional management responsibilities and costs of maintaining the registered organization would outweigh the benefits. Nonetheless, the project did not dismiss the idea completely, but advised to reconsider at a later point in time. Since the finalization of the project an agreement with the Student Union has been made, to handle potential incoming funds as well as said payment for NSC. However, the promised payment was not transferred based on the argument, that the overall project failed, there was little willingness from the respective partner within the university to pay out, although NSC had no influence in the failure of the project. The ongoing negotiation where dismissed by the university contact. At this point it should be noted, that there was no written contract made between the involved parties.

The paper will reassess the readiness of the student organization regarding a registration and based on the appropriate field literature, determine the necessary factors for a successful NPO venture creation.

Literature Review

The literature review outlines a set of sub questions relevant to the research questions analyzing the context of spin-offs and the linkage to the mother institutions in the process. It then discusses most important success factors and performance indicators within an early-stage NPO.

What are university spin-offs and why do they matter?

The literature defines university spin-offs (USO) as “...new firms created to exploit commercially some knowledge, technology or research developed within a university.” (Pirnay, Surlemont & Nlemvo, 2003) This definition draws four essential boundaries: A USO is (1) a new company with a distinct legal status, being neither an extension nor a subsidiary of the university, (2) created from universities, (3) to exploit knowledge developed by academic activities, (4) in a profit-making perspective by bringing an idea into the business sphere.

In an academic context, two additional dimensions allow a more specific definition: (1) The status of individuals involved in the new business venturing process, distinguishing between academic spin-offs founded by researchers and student spin-offs founded by student activities. (2) The nature of knowledge transferred from university to the new venture: Distinguishing between USOs rooted in codified and technological knowledge, therefore based on intellectual property and more product-oriented, and USOs based on tacit knowledge which was accumulated by individuals through academic experiences and activities. USOs exploiting tacit knowledge tend to provide expertise on specific areas, therefore are more service-oriented (Pirnay, Surlemont & Nlemvo, 2003). (App. 2.1)

The social-economic benefits USOs of on their environment, is the enhancement of local economic development by introducing innovative services and products as well as attracting investment into university research, therefore helping universities with their major mission of research and teaching. Literature also points out that there is a tendency, that USOs are disproportionally higher performing companies, compared to conventional start-ups and are less likely to fail (Shane, 2004).

What is role of the university in the spin-off process?

The general trend of start-ups across Europe has not only influenced the private but also the public sector, especially universities. Cuts in public spending have lead to an increasing need to generate more revenues and a fierce competition between universities around the world, make the creation of USOs an important measure for academic institutions (Audretsch, Lehmann & Paleari, 2014). Universities can highly benefit by supporting spin-off processes through a variety of infrastructures and policies. In terms of infrastructure Transfer Offices that assist entrepreneurs with legal affairs, management and promotion of university knowledge and intellectual property as well as support in raising funds through the university network, are the most common. Same accounts for business incubators which support USOs during the early development by offering facilities and advanced services to entrepreneurs with ideas that might become a business. Incubators bring entrepreneurs together, foster shared experiences and support a creative atmosphere (Berbegal-Mirabent, Ribeiro-Soriano & Sánchez García, 2015). Apart from supportive infrastructures, universities can undertake specific policies that enhance the creation of USOs dependent on their characteristics. In case of student USOs the university mission should take a traditional teaching approach by providing courses and workshops on entrepreneurship. However, an individual policy approach is necessary, since the emphasis within student USOs lies on the students, especially on the founders, or on the student exploiting the idea. Support should not concentrate on transferring tacit knowledge, but the people behind it, since student USOs based on tacit knowledge usually face two major problems: A missing entrepreneurial background and lack of credibility toward external partners and investors. The project selectivity and control from the institutional side may be weak and focus more on supporting students in the wish to create a new venture than on the generation of economic value (Pirnay, Surlemont & Nlemvo, 2003)

How to choose an appropriate legal framework?

When deciding on an appropriate legal status for a future venture, a number of questions should be held in mind: (1) What is the right balance between mission, and social and commercial goals? (2) How strong is the need for control over strategy and decision making? (3) Is there a need to own shares in the new venture? (4) How high is the need for equity investment and/or for grants and donations? (5) What is the ethos and values of the new venture in terms of participation? (Social Enterprise UK, 2012) The Portuguese third sector provides different legal frameworks depending on the mission, governance and the availability of short- and long-term financial resources. These include a variety of mission based associations, foundations, local development organizations, church related organizations, non-governmental organizations focused on international development, mutualist associations and cooperatives (Campos Franco et al., 2005). (App. 2.2)

What are necessary success factors and performance indicators in an early NPO?

However, before being able to review the key success factors in detail, organizational success of NPOs has to be discussed: Competitive businesses focus on profit maximization and are evaluated on their profitability and shareholder value. NPOs are oriented towards the achievement of social goals, therefore are evaluated on the degree of mission accomplishment. This idea of organizational success includes the dissolution of an organization as a consequence of an accomplished mission and goal achievement (Helmig, Ingerfurth & Prinz, 2013). Nonetheless, the nature of the third sector has changed immensely in the last decades due to a variety of environmental factors: Growth in supply and demand of NPOs as service and policy deliverer, globalization influencing technology and movement of people. Additionally the demand of accountability in all societal sectors increased, as have the partnerships between the private, public and third sector as well as an increase in market competition and innovation through the introduction of social entrepreneurship as a business

discipline (Graham & Kinmond, 2008). However, cuts in government subsidies and the increasing commercialization of the third sector, have added significantly to an increasing competitive market in regards of fundraising and revenue generation. Since the maximization of social impact depends on the financial and non-financial resources of a NPO, a purely focus on mission achievement is not enough. The ability of NPOs to acquire inputs, efficiently transform those and produce valuable outputs while maintaining stable relationships with key stakeholders is gaining relevance with the changing market (Helmig, Ingerfurth & Prinz, 2013).). This leads to the following key performance indicators: (1) **Business PIs:** To ensure that the financial viability of the start-up enterprise improves. (1.1) A Business plan is in place, reviewed and updated on a regular basis. (1.2) Marketing networks are established and new opportunities investigated. (1.3) A livelihood for the organization manager is provided. (2) **Social PIs:** Goal is an increasing effective contribution to the overall stakeholder community. (2.1) Income to community beneficiaries is provided. (2.2) Occupational education and skills training is delivered. (2.3) A stronger community organization is fostered. (2.4) Social development benefits are secured. (3) **Partnership PIs:** The built relationships contribute to the organizational development and the achievement of the mission in terms of economic development and social benefits. (3.1) Roles, responsibilities and expectations within partnerships are established and monitored. (3.2) Regular communication is maintained among partners. (3.3) Partnership composition is monitored and changes in composition are managed (Boyer, Creech & Paas, 2008).

Having the key performance indicators in mind Boyer, Creech & Paas (2008) identify the following critical success factors in the early stages of a NPO: (1) **Leadership:** One or two individuals have the commitment to lead and coordinate the NPO on a long-term base. (2) **Partnerships:** For the organization to grow and ensure equitable benefits, the ability to negotiate and maintain a set of relationships beneficial to the organization is key. (3) **Proof**

and clarity of an innovative concept: The concept should be explained clearly and tested in an external validation to demonstrate market potential. (4) **Business planning & Marketing:** Leading parties have business and marketing skills or can access those through partners. (5) **Triple bottom planning:** To achieve a sustainable development, economic, social and environmental benefits have to be aligned consciously. (6) **Short- & long-term benefits management:** Short-term benefits keep stakeholders committed and engaged to the organization, while the delivery of long-term benefits are essential to achieving the Mission goals and display the ability to successful strategic planning. (7) **Community engagement:** A long-term sustainable success lies within the engagement of local stakeholders and beneficiaries. (8) **Risk management:** Long-term functioning of an enterprise depends on its ability to plan for mitigation of risks and externalities. If these eight success factors are in place, the NPO is likelier to attract the financial and non-financial resources to achieve the mission goals. The constant monitoring of the performance indicators leads to an increase of credibility and confidence among potential investors (Boyer, Creech & Paas, 2008).

Conclusion

The literature review provides insight on the relevance of spin-offs and their benefits for the socio-economic environment as well for the mother institution, provided there are support infrastructures and policies existing. It also outlines eight necessary factors in the areas of Internal Management & Governance, Strategic Management & Planning, Service Delivery & Evaluation as well as monitoring performance indicators, both characteristics of a successful NPO. For additional characteristic in NPO strategy development and volunteer management see Appendix 2.3 & 2.4. The analysis of the factors and performance indicators is necessary to assess the current state and steps of action.

Case Discussion: NOVA Social Consulting

Value proposition and Impact evaluation

NOVA Social Consulting makes a triple value proposition of enabling volunteer business students to expand their personal and professional development through pro bono consulting projects with social ventures in the third sectors and support the development through workshops specifically designed to the needs of the volunteers as well as a network of business partners in the private and third sector. The pro bono projects are also for social ventures to maximize their overall performance, potential and social impact. The third element of the value proposition is the leverage on strong partnerships, creating a profitable win-win situation for both, NSC as well as the partners.

The evaluation of the NSC's activities and the impact they have are measured through feedback forms and testimonials. Final feedback forms and workshop feedback forms were considered as they give a complete overview of the experiences made and enable a comparison. Final feedback forms are sent out to volunteers and clients but not partners, unless the respective project is a cooperation between NSC and the partner. Feedback surveys exist since the fall semester 2014 and are conducted through a variety of questions that require a rating between 1 and 10, 1 being 'very poor' and 10 being 'excellent'. A revision of all existing feedback survey has been performed, bundling the questions to specific metrics. This was necessary; fluctuation in the Management has lead to different surveys. The discussed results represent the overall average rating of all four semesters combined and sorted by metrics used. The overall average regarding the client satisfaction with NSC resulted 7.8, just as the overall average member satisfaction. This shows a good satisfaction level with room for improvement. The feeling of having created value is in a moderate level: 61.3% of the clients saw a value creation while members rated it higher with 7.72 The analysis of the workshops produced an overall average of 7.43, considering the overall quality

of the workshops as well as the contribution to professional development and project solution. Additionally to the ratings, all survey left room for comments and new ideas. The evaluation of the comment section showed specific areas with need for improvement. (App. 3.1)

Organizational Capacity Assessment

The overall organizational capacity of NSC was determined and analyzed with the Organizational Capacity Assessment Tool (OCAT) provided by McKinsey on Society. The results showed a clear need for improvement in the area of funding and some need for improvement in the areas of Aspirations and Learning & Innovation. A moderate level of capacity was found in the fundamental areas Strategy, Leadership & Volunteers, Values, Marketing & Communications, Managing Processes and Organization, Infrastructure & Technology. (App. 3.2)

Stakeholder Analysis

A stakeholder analysis was conducted to identify the most relevant groups and organizations influencing NSC. All stakeholders were assessed and assigned a relevance value, 5 being most relevant and 1 being least relevant. Based on the triple value proposition of NSC the most relevant (all assigned with a value of 5) pressure groups are the clients, in terms of social ventures, the staff & volunteers, in terms of students participating in the organization, and the partners of NSC. Firstly, NSC clients are the most important stakeholders. Social Ventures provide cases and issues to solve, therefore being the core of the NSC service offering and Mission & Vision accomplishment. The benefits for clients are innovative business solutions that can, given a correct solution implementation, enhance the overall organization performance. Including a more efficient resource transformation and an increase in the targeted social impact. A second benefit for social ventures is the access to third sectors experts within the university network. The second most relevant stakeholders are the NSC student volunteers, dedicating their time, business knowledge and experience to increase the

business performance and social impact of social ventures. As all NSC members are students of NOVA SBE, providing a strong base for professional quality work, which is crucial for NSC to achieve the organization's Mission & Vision objectives. In return the student volunteers gain new personal and professional experiences in the third sector and consultancy industry acquired within the assigned projects and workshops held throughout the semester. A performance based opportunity offers new responsibilities as team lead or part of the management team. Furthermore student volunteers can expand their professional networks through NSC clients and partners. Third most relevant stakeholder are partners, providing leverage through advice, expertise, support and credibility within the projects as well as the workshops. The benefit in partnering with NSC is a unique recruitment insight and access to Master Business students as well as additional volunteer work force for cooperation projects, both in the pro bono and paid project area. A fourth very relevant stakeholder, assigned with a value of 4, is the university NOVA SBE. Apart from providing the necessary student volunteers, NSC highly benefits from the business school's reputation as an institution of talent and excellence. Additionally NSC depends on the university's network to private, public and third sector as well as the faculty staff providing guidance and advice for all NSC members. Last but not least, NOVA SBE also provides the necessary physical infrastructure for meetings and workshops. The gains for the university are a higher return on the reputation through high quality pro bono work in the third sector represented within their students, stronger relationships to common partners and an increased diversity in student activities that enhance the overall student performance through new gained business experiences. (App. 3.3)

The third sector in Portugal

The overall number of third sector entities amount to 55 383, divided into 52 086 Associations & other Social Economy Organizations, 2 260 Cooperatives, 537 Foundations, 381 Charities and 119 Mutual Societies. The main focus of activities lies with 48% within the

Culture, Sport and Recreation area; second and third most relevant areas are Services and Congregations with 16% and Social Action with 14%. Overall the third sector in Portugal represents 2.8% of the national Gross Value Added (GVA) and 5.5% of the paid employment (full time) with an average compensation of 83.1% of the overall national average. However, there has been significant dispersion detected in the third sector compensation. The overall sector resources are mainly generated by output (62.8%) as well as other current transfers and subsidies on production (23.8%) leading to revenues in 2010 of 14 177,90 million Euros. The sector expenses amounted in 2010 to 14 748,60 million Euros, identifying a funding need of 570,70 million Euros. Nonetheless, Mutual Societies, Foundations as well as Cooperatives showed net lending capacity. Main expenditures were listed as the following: intermediate consumption (31.4%), employee compensation (26.8%) and social transfers (26.8%).

About 11.5% of the Portuguese residents above 15 have participated in one or more volunteering activity: 39% of all volunteers are between 25 and 44, whereas 57% of all volunteers are women. 58% of all volunteers are employed and 27% have a higher education (INE – Satellite Account of Social Economy, 2013).

Trends within the Portuguese third sector, show that there is a movement away from traditional institutions to Social Enterprise and a stronger focus on community development, empowerment and qualification instead of charity and assistencialism. This also influences the funding area by relying more on investors than donors. Main challenge faced by the third sector is the professionalization of the areas Management, Organization and Impact Measurement. Proposed solutions include: Management defining long-term sustainability models, optimizing available resources and focusing on higher experienced management teams. Organizations need to establish strategic partners that have a similar approach to the same social issue. Impact measurement should show an in-depth analysis of the social problem, allow budget estimates and an objective measurement of the results (Deloitte, 2016).

PESTEL

The **political** situation in Portugal has been marked in the recent years by the economic crisis, severe austerity programs and political instability within the national parties. Cuts in public spending have influenced the subsidies for the third sector, increasing competition between social ventures for available funds. However, the surprising stability of the new Portuguese government is attracting initial benefits. The EU government has recommended a fiscal expansion throughout the whole euro zone of 0.5 %. Together with the improving stabilization of the political situation, Portugal is regaining attractiveness for investors (Irish Times, 2016).

After enduring a three-year recession, Portugal's **economic** situation shows evidence of leaving behind the recent economic crisis. Portugal has been shining with the strongest economic growth, a quarterly 0.8 %, in the 19-country euro zone in the third quarter of 2016. Latest statistics from September 2016 also show a decrease of unemployment, being just above 10% compared to 12.4% a year ago (New York Times, 2016).

The **socio-cultural** situation in Portugal has been changing due to an aging population, unemployment and cuts in public spending. The need for social services provided by social ventures has been increasing, as also the awareness for social entrepreneurship. The high amount of social challenges has stimulated the Portuguese society to rethink the current social model as well as finding many solutions for social needs and employment opportunities in social entrepreneurship. Additionally the participation in volunteering activities within the Portuguese society has been increasing through the social consequences of the economic recession (SEFORIS Country Report, 2014).

The Portuguese Ministry for Science, Technology and Higher Education has strengthened the scientific and **technological** cooperation between Portugal and the US through the MIT Portugal Program to increase Portugal's knowledge base and international competitiveness

through strategic investments in knowledge, people and innovative technology (MIT News, 2016). This behavior reflects the long-term goal to leverage on the growing start-up scene in Lisbon by creating a tech-buzz. With the hosting of the biggest tech conference, Web Summit, Portugal plans to expand the technological sector making the country even more attractive to new enterprises (Fortune, 2016).

Although Portugal was known for its innovative **environmental** progress when it comes to renewable energies the government has been focusing on stimulating the economy and decreasing unemployment, cutting generous investments into the renewable energy sector (Politico, 2016). This has left organizations in the third sector related to the matter with urgent funding needs.

The **legal** situation in Portugal provides benefits for NPOs, exempting them from the VAT. However, NPOs have certain obligations and responsibilities in terms of accounting, annual financial report to the IRC (Portal das Financas, 2016).

Benchmark Analysis

The conducted Benchmark analysis is based on: *NOVA Junior Enterprise* (NJE) and 180 Degrees Consulting (180DC). The examples were chosen for a comparison based on a volunteer NPO framework, the context they were created in, as well as service offered. Both organizations have been honored with prizes and are examples of well functioning university spin-offs with a volunteer member base.

NOVA Junior Enterprise

NJE is a junior consultancy developed from a student club at NOVA SBE and registered as NPO in 2012. Currently the organization is headed by Milton Andrade Figueira, the president, followed by a leadership team heading the departments of Marketing (external representation), Sales (client & partner acquisition), Operations (incl. Finance) and Human Resources (member acquisition & care), while a Project Manager supervises the projects and

ensure the communication between consultants and leadership team. Overall the organization holds 32 members. NJE makes the value proposal of a high quality services through an extended support system among NOVA SBE professors, innovative solutions and a competitive price. The service offered includes all sectors and consists of marketing plans, market research, investment and business plans. Successfully terminated projects include clients as *L'Oréal*, *IES – Social Business School*, *Luso-Americano Development Foundation* and *Portugal Telecom*. 2014 the junior enterprise won the prize for *Junior Initiative of the year*. The member recruitment takes place during the first weeks of the semester and focuses on Bachelor and Management students with at least two semesters left to study. The recruitment process involves an interview testing the applicants' problem solving skills and is similar to interviews conducted by the common known consultancies. The strategy design, implementation and control are responsibility of the president and operations. Through predefined process, as for example internal projects including training and mentoring, NJE tries to deal with the high member fluctuation. A data base holds the documentation of all issues faced and proceedings, accessible by all members. Impact and quality measurements are carries out through standardization and process control quality evaluation of the associates as well as measuring revenues and brand recognition (NOVA Junior Enterprise, 2016). (App. 3.4.1.)

180 Degrees Consulting

180 DC was founded in 2006 by Nate Ware during his Bachelor studies at the *University of Sydney* and is now the world's largest volunteer student social consultancy: It operates in 33 countries, accounts with 1829 successfully completed projects and 81 branches. It offers high quality consulting through innovative, practical and sustainable solution to an affordable price. The quality of the services are ensured through a selective recruitment of consultants, a high quality training and mentoring, a match making process between the consultants'

expertise and the needs of the organization, a broad international network as well as frequent and rigorous checks on the consulting quality. The consulting services are located on the areas social impact measurement, management and operations processes, business and scaling plan development, marketing as well as internal and volunteer human resources. The industry focus is set on organization related to educational, health, environmental and poverty issues. 180 DC's mission is to ensure that social ventures committed to education, health and poverty alleviation are enabled to reach their full potential by meeting the demand for very affordable, high quality strategic and operational assistance, and in doing so developing a next generation of social impact leaders. The organization thoroughly measures their social impact internally and externally. Internally a comprehensive feedback through the consultants measures the leadership development and externally the improved effectiveness of NPOs is measured through a triple approach. This approach consists of measuring actual outcome through monitored KPIs at 6 and 18 months after project completion, measuring the value of outputs as well as measuring the value of inputs. 180 DC states that in the business year of 2015 96.8% of their clients would have recommended the consulting service to other organizations. Client assessment is proceeded through applications and evaluated through four criteria: The area of social impact, the potential for greater social impact, the match between consultant and the organization, as well as the likelihood of implementation. This competitive process leads to the fact that about 30% of the organizations applying will receive consulting services. The Board of Directors consists of Nat Ware, founder and CEO, as well as two more Board Director. There are three continental branches for the Asia-Pacific, the Americas and EMEA (Europe, Middle East and Africa) with respective Branch Directors. The actual teams of consultants are located within universities and make own organizations being a subsidy to the mother organization. In 2016 180 DC opened a branch in Lisbon at *Católica Lisbon School of Business & Economics*. The Lisbon Leadership Team is build of a President (Sarah Bidinger)

two Consulting Directors, a Financial Director and respectively a Directors for Marketing & Communications as well as HR & Events. Strategic decisions are made within the branches, however, guidelines given from the international leadership team have to be aligned and followed. Currently the Lisbon team consists of overall 28 members. To ensure continuity with member starting and finishing their studies, the leadership team writes reports on the proceedings of the issues faced as well as recommendations for the following leadership team. All documents are accessible through a data system. Apart from the main organization impact evaluation, the branches also conduct client feedback survey on project scope and value creation (180 Degrees Consulting, 2016). (App. 3.3.2)

Competitors

Looking into the field of competition there is a variety of ventures that can be seen as a potential competitor. Entering the third sector as a NGO would mean to compete with the all other organizations for donations, grants and funds, depending on the chosen fundraising strategy. Additionally there are a variety of enterprises that offer consulting services to social ventures. This includes consultancies as for example *StoneSoup* and *Call to Action*, both actual partners of NSC, as well as more similar ventures like the displayed benchmarks *NOVA Junior Enterprise* and *180 Degrees Consulting*. The existence of already established social consultancies show, that there is an ability to pay for the provided services in the Portuguese third sector, however given the rather precarious national economic situation, the competition is fierce. However, as a student consultancy working mainly with volunteers and following the example of the benchmarks offering services at a lower price may lead to a competitive advantage. Taking an international scope into consideration seems currently difficult, for the nature of the service proves to be of higher quality if direct contact with customers is established. The failed project from Fall 2105 was located in Angola and communication with the client has proven to be a key element in the overall project failure.

Analysis Discussion



The following chapter will assess the analysis results accordingly to the literature review outline, showing strengths and weaknesses in reference to the key success factors and key performance indicators.









Strengths: To begin with, NSC holds a strong base of already established **partnerships** that align well with the vision and mission of the student club. All partnerships are created to either extend the volunteers experience and development through workshops or support the volunteer consultants with advice and expertise to maximize the outcome of the project and therefore the potential impact of the client. Eight years of experience in the market prove that the **concept** not only is working, but has a market potential validation confirming the clarity and innovation of the concept. With reference to the client and member feedback survey, the overall average of 7.8 reflects a good result with room for excellence. The factor **business planning & marketing** also lies within the field of strengths given all NSC members have business skills and internationally divers practical experiences from a broad range of industries. Additionally NSC has access to a range of business professors to expand the members' business knowledge and remain updated to the most innovative solutions. Lastly but not least the **community engagement** is part of the core activities by supporting social ventures in maximizing their impact on beneficiaries as well as the inclusion of locally active partners and advisors.

Although NSC provides good starting points and business approaches, the analysis also shows **weaknesses**. Due to the Master's program schedule the maximal time period a student can engage so far to NCS is three semesters. This leads to a high turn-over in the management as well as the whole member body, making a committed **leadership** with continuity in strategy and information flow especially challenging. While some of the founders are still involved through the board, the Management has currently little means to provide a long-term

commitment apart from self-inflicted motivation. However, if a long-term committed management is not given because of external factors, solutions have to be created to reflect committed behavior for a long-term sustainable organization. While the Vision provides a certain strategic guidance on how to deal with daily operation, there is no long-term **planning** existing that outlives staff changes. There is a clear necessity for a stronger strategic planning that can balance the high volunteer turn-over. Ideally a strategic plan should be designed, following a triple bottom approach and setting goals regarding fund raising and financial sustainability paired with a thorough impact measurement, which is regularly and frequently analyzed and communicated to all stakeholders. Same applies for **short- and long-term benefits** management: While short- and long-term benefits are created and regarded every semester for the NSC members, producing good impact results. Long-term benefits are hard to acquire within the course of one semester and are often disregarded especially in an organizational context, because of a lack of responsibility and accountability in the constantly changing volunteer staff. **Risk Management** has not been considered in the NSC operations. This is mainly due to the fact that there are no financial activities as well as the supportive environment of the university. Upcoming issues are generally solved in an ad hoc manner. However, an official registration will have different legal consequences so the introduction for unforeseen eventualities and risks has to be considered and implemented in terms of financial activities and human resources.

1. Analysis of Key Performance Indicators

Performance Indicators		NSC Assessment
Business Financial viability is improving	Business plan is in place, reviewed & updated	There is no written & accessible business plan in place. 
	Marketing networks are established & new opportunities investigated	Marketing networks are established through partnerships, especially NOVA SBE, & usually expanded/updated every semester. 

	Livelihood for Manager is provided	Current financial resources do not allow livelihood for Manager(s), however irrelevant based on volunteer nature of NSC.	
Social Effective overall contribution to all stakeholders	Income to community beneficiaries is provided	Income for consultants not provided, since employed on a voluntary basis.	
	Occupational education & skills training delivered	Workshops for consultants provide occupational & skills training and are updated regularly.	
	Stronger community organization is fostered	Short-term benefits for consultants are delivered & recorded, however long-term development is not recorded.	
	Social benefits are secured	Short-term improvement of clients' is delivered & recorded, however long-term monitoring of project outcomes are not recorded.	
Partnerships Overall contribute to organization, mission, economic & social achievements	Roles, responsibilities & expectations are established & monitored	No existing contracts with partnerships that define roles, responsibilities are established nor monitored.	
	Regular communication is maintained	Communication with partners is highly viable, depended on current situation & needs.	
	Partnership composition is monitored and changes in composition are managed	Partnerships are expanded & sometimes updated, however no active monitoring nor active change management existing.	

The analysis clearly shows that while there are a fair amount of valuable key factors present as well as key performance indicators with positive results, there is also room for improvement. A certain set of activities should take place before registration occurs.

Recommendations

It is quite clear that NSC has a variety of shortcomings, which should be dissolved prior to consider a registration for an official NGO. The recommendations focus on presence of the key success factors as well as on the fulfillment of the key performance indicators and align to an appropriate legal framework, chosen to reflect the NSC mission and value proposition.

As such an appropriate legal framework a student association (SA) is the most suitable. SAs are independent organizations that enjoy full autonomy and are entitled to have facilities within the educational institution they exist in, including technical and material support. SAs also enjoy tax benefits, specifically the exemption from the Value Added Tax, as well as the exemption from court fees. Additionally SAs can make a reference to the Portuguese Youth Institute, as it offers financial (conditional) and legal assistance support (United Nations, 2016). Given the NSC mission and triple value proposition, a SA model facilitates to achieve both. Being an autonomous and registered organization will help to lose the reputation of being a student club and therefore raise credibility among partners and clients and allow for a new professionalism to develop. However, NSC is a club made by students for students, reflecting their need for professional experience and development within their study programs. SAs are specifically created to represent student's needs and ideas to the public. While being able to open a bank account, necessary to raise funds, the costs of registration and maintenance are extremely low as well as the bureaucratic responsibilities. (App. 4.1)

To begin with a change in the governance structure is necessary, since a SA requires company similar governance responsibilities. NSC is struggling with a high turn-over of their key asset, the leading team and consultants, while the high viability leads to little consistency in the strategic development and a precarious information and knowledge management. A new structure should reduce the viability and facilitate the long-term creation of knowledge as additional asset, while allowing the growth of organizational capabilities. The proposed governance structure consists of a President and Vice President situated in the permanent Board, a CEO, a Finance Director, a HR & Events Director, two Consulting Directors and a PR & Sales Director, represented by students. (App. 4.2)

Relevant for registration is the chosen status of nomination: A status model without nomination, requiring signature of two individuals providing for the organization

responsibility or a status model with nomination, requiring the signature of nine individuals, each three for the Board, Fiscal Council and General Assembly. It is possible to register without nomination and then change the status to the status with nomination at a later point (Associação na Hora, 2016). Proposed is the first status, with the president and vice president signing the registration document. For the position of president and vice president the founders Pedro Almeida and Elizabete Cardoso, should be considered. It is highly recommended to incorporate the university into the governance structure to maintain a good partnership. The institutional support is crucial to NSC, because of the excellent reputation, and network as well as the provided technical and infrastructure support. While a SA is not obliged to have an official accountant, a basic financial report representing organizational accounting is obligatory at the end of each year. Therefore a Financial Director should be chosen with the necessary capabilities and skills. (App. 4.3)

The registration and maintenance costs may be low, however they need to be covered as well as replace and increase the budget provided by the Student Union, as it might not be guaranteed longer as an independent entity. So before registration, it should be ensured that the running costs can be covered. Usually the registration process costs 300€, in case of a SA it is lowered to 200€. The following table shows potential costs to be covered:

2. Overview of registration and maintenance costs

Cost Center	SU Budget replacement	Bank account (pot. cost, usually free for NPOs)	Homepage (pot. cost, currently paid by E. Cardoso)	Risk Management (as for example registration costs)	Total
(per year)	400 €	80 €	60 €	400€	940€

The volunteer nature of NSC reduces the costs of personnel. Nonetheless NSC should be able to cover cost of 940€ per year before registration can occur.

With reference to the established KPIs a long-term business plan has to be developed and regularly updated. This business plan should focus on a fundraising strategy that includes a mixed income strategy. The following elements should be considered in the development of the fundraising strategy: (1) Expanding current pro bono services by adding paid services. Relying purely on the solvency of the clients would be given the economic situation in the third sector too risky. Therefore a Robin Hood model by adding service as for example paid CSR projects with for-profit businesses could be profitable to cover part of the expenses. Another opportunity in the area of service expansion is the introduction of the Advocacy capability. Given the close relationship to the university, research projects for NGOs are a viable income source. (2) Applying for public grants. There are a variety of public grants by the Portuguese and EU government supporting SAs. The Portuguese Institute for Sport and Youth offers for example a broad support service including legal advice and financial support up to an annual 5000€ for higher student organizations (Portal da Juventude, 2016). (3) Investors & Business Angels. The uprising start-up trend in Lisbon may focus on tech ventures, however the growing network of investors and business angles in Lisbon should be exploited.

Furthermore, a stronger focus on partnership management is essential. This includes a frequent and regular communication, but especially the establishment of responsibilities and expectation of both parties. Introducing legal contracts recording the elements of a partnership are important to avoid situations as it took place with the failed project from Fall 2015 and the enclosed risk of losing valuable financial resources. A partnership contract with NOVA SBE is also important in terms of being able to keep the current name and continuously benefit from the university's reputation and credibility. With the establishment of contracts the monitoring of partnership composition and changes within the partnership pool is inevitable,

including the extension of feedback surveys to partners. Free legal advice is be provided by the Portuguese Government to SAs (Portal da Juventude, 2016).

In terms of creating and fostering long-term benefits for the NSC community and clients there is room for improvement. Therefore, the monitoring of successfully terminated projects over the time period of 6 and 12 months is advised. The information gathered will not only allow to improve the service quality but also facilitate credible results necessary for fundraising. To foster the community development the introduction of an NSC Alumni Network is recommended. This would improve the knowledge management within the organization, allow an extended monitoring of the consultants' professional development and increase a beneficial network to NCS as well as the consultants. Given the internationality of the NSC members, an NSC Alumni Network could provide a worldwide access to new partners.

Last but not least, the introduction of a constant internal project is recommended. A clear advantage of NSC is that all NSC members are fit in business analysis and problem solving, therefore it makes sense to leverage on this key asset by implementing a team, dealing with strategic implementations. This project should work closely with the leadership team in designing and/or implementing strategic recommendations. The advantages of an internal project would not only be a consecutive strategic focus, but would diminish gaps in the knowledge transfer, as the consultants of the internal project are most suitable applicants for future leadership teams making the transition between semesters smoother and reducing once again the viability in the leadership.

Conclusion

The paper discussed the readiness of a student volunteer group to spin-off from the mother institution by establishing a eight critical success factors and ten key performance indicators necessary to enable a sustainable successfully spin-off process. In the case of *NOVA Social Consulting* the analysis showed, that the development to an registered organization brings

benefits crucial to achieve the mission objectives, specifically an increase in credibility among partners and clients as well a more professional development for the student volunteers. However, the analysis made also clear, that before registration may occur a set of recommended activities in the field of governance, fundraising and partnership management should take place. Once all success factors are present and the key performance indicators well fulfilled *NOVA Social Consulting* should consider registration for a student association to maximize the social impact and achieve the mission goals.

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